

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice PM-2331

For: FAS, RMA, and FSA Employees

Federal Employees' Group Life Insurance (FEGLI): New Premiums and Age Bands

Approved by: Deputy Administrator, Management



1 Overview

A

Overview

The Office of Personnel Management (OPM) periodically reviews the FEGLI premiums to determine whether changes are necessary. The last premium change was effective April 24, 1999.

B

Purpose

This notice notifies employees of FEGLI's new premiums and age bands. See Exhibit 1.

C

Effective Date

The effective date for the new age bands and premiums is January 12, 2003.

D

**National Office
Contact**

If there are questions about this notice, contact Susan Brown at 202-418-9039 or Darla Hensley at 202-418-9021.

Continued on the next page

Disposal Date

February 1, 2003

Distribution

All FAS, RMA, and FSA employees; State
Offices relay to County Offices

Notice PM-2331

1 Overview (Continued)

E

Field Office Contact Field Office employees shall contact the appropriate office, according to this table, for additional information.

| Location | Contact |
|---|---|
| <ul style="list-style-type: none">FSA Kansas City officesAPFORMA Kansas City officesSt. Louis Office | Servicing personnel clerk, Processing Section, Personnel Division at 816-926-6225. |
| <ul style="list-style-type: none">RMA Field OfficesFAS Overseas | Either of the following: <ul style="list-style-type: none">Darla Hensley, HRD, PMBAB at 202-418-9021Susan Brown, HRD, PMBAB at 202-418-9039. |
| State and County Offices | State Office, Administrative Office. |

2 Changes to FEGLI

A

Basic FEGLI Basic insurance rates have been reduced.

B

Option A There are **no** changes to the premium for Option A coverage.

C

Option B Because of the increasing number of employees electing to continue their Option B insurance into retirement, OPM has determined that additional age bands are necessary. Also, several of the existing age bands have reduced premiums.

D

Option C New age bands and premiums were implemented for Option C in April 2000. There are additional age bands that will be effective in January.

Continued on the next page

2 Changes to FEGLI (Continued)

E

Retiring Employees

Retiring employees should note that the extra premiums for the:

- 50 Percent Reduction election for Basic insurance is increasing from \$0.59 per \$1,000 of coverage to \$0.60 per \$1,000 of coverage after age 65
 - No Reduction election for the Basic insurance is being reduced from \$2.04 per \$1,000 of coverage to \$1.83 per \$1,000 of coverage.
-

F

Future Increases

When OPM agreed to postpone implementation of the new age bands, it agreed to phase in any premium adjustments over a 3-year period. OPM will issue new premiums and age bands for 2004 and 2005.

New FEGLI Withholdings and Contributions

Basic Life Insurance

For employees, the new withholding and contribution rates are, as follows.

| | Per \$1,000 of Coverage | |
|---------------|-------------------------|---------|
| | Biweekly | Monthly |
| Withholdings | 0.1500 | 0.3250 |
| Contributions | 0.0750 | 0.1625 |

For retirees, the monthly withholding rates for “50 Percent Reduction” and “No Reduction” Basic life insurance coverage will change, as follows.

| | Election | Withholding Rate (\$ Per \$1,000 of Coverage) | |
|-----------|----------------------|--|-----------------------------|
| | | Before Age 65 | First Month After Age 65 |
| No change | 75 percent reduction | .3250 | Free |
| New rate | 50 percent reduction | .9250 [.3250+.60] | .60 |
| New rate | No reduction | 2.1550 [.3250+1.83] | 1.83 |

Option A

There will be no changes to Option A withholding rates.

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New FEGLI Withholdings and Contributions (Continued)

Option B

Withholding rates for Option B will be as follows.

| | Age Band | Withholding Rate (\$ Per \$1,000 of Coverage) | |
|-----------|-------------|--|---------|
| | | Biweekly | Monthly |
| No change | Under 35 | 0.03 | 0.065 |
| No change | 35-39 | 0.04 | 0.087 |
| No change | 40-44 | 0.06 | 0.130 |
| New rate | 45-49 | 0.09 | 0.195 |
| New rate | 50-54 | 0.14 | 0.303 |
| New rate | 55-59 | 0.28 | 0.607 |
| New band | 60-64 | 0.60 | 1.300 |
| New band | 65-69 | 0.71 | 1.538 |
| New band | 70-74 | 0.87 | 1.885 |
| New band | 75-79 | 1.07 | 2.318 |
| New band | 80 and over | 1.27 | 2.752 |

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New FEGLI Withholdings and Contributions (Continued)

Option C

Withholding rates for Option C will be as follows.

| | Age Band | Withholding Rate (\$ Per Multiple) | |
|-----------|-------------|------------------------------------|---------|
| | | Biweekly | Monthly |
| No change | Under 35 | 0.27 | 0.59 |
| No change | 35-39 | 0.34 | 0.74 |
| No change | 40-44 | 0.46 | 1.00 |
| No change | 45-49 | 0.60 | 1.30 |
| No change | 50-54 | 0.90 | 1.95 |
| No change | 55-59 | 1.45 | 3.14 |
| No change | 60-64 | 2.60 | 5.63 |
| No change | 65-69 | 3.00 | 6.50 |
| New band | 70-74 | 3.40 | 7.37 |
| New band | 75-79 | 4.50 | 9.75 |
| New band | 80 and over | 6.00 | 13.00 |

Note: There will be no changes to the withholding rates for any existing age bands.
